

Midwest Station II, Inc.

16917 70th Street NE
Elk River, MN 55330

BREEDING AND TRANSPORTED SEMEN AGREEMENT

AGREEMENT, made this ___ day of _____, ___ by and between _____
(Breeding Customer”), whose address is _____
Phone No. (____) _____, and MIDWEST STATION II, a Minnesota corporation (“Midwest”).

WHEREAS, the Breeding Customer has a legal interest in the Arabian mare _____ AHRA No. _____
(the “Mare”), including the right to breed the mare to the Stallion _____ AHA No. _____
(the “ Stallion”), during the 2010 breeding season, as further described in Section 13.2 hereof:

WHEREAS, the Breeding customer has provided to Midwest the information about the Mare provided in Section 13 hereof:

WHEREAS, Midwest is managing the breeding of the Stallion during the **2010** breeding season:

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants made herein, the parties hereby agree as follows:

FEE SCHEDULE:

1. **Breeding Fee.** Breeding Customer agrees to pay the following fees.
 - 1.1 \$ _____ Breeding Fee
 - 1.2 \$ _____ Booking Fee (20% of Breeding Fee) to be paid at time of the signing of this agreement. Balance of Breeding to be paid before Mare departure from Midwest or before first shipment of transported semen.
 - 1.3 \$ **400.00** Re-breed Fee or handling fee.

2. **Boarding Fees.** (Check only one)
 - ____ 2.1 \$ **600.00** per month for maintaining the Mare in a private stall on a turnout only basis.
 - ____ 2.2 \$ **650.00** per month for maintaining the Mare and any foal at side in a private stall on a turnout only basis.
 - ____ 2.3 \$ **850.00** per month for maintaining the Mare in a show conditioning program, including forced exercise.
 - 2.5 Foaling out fee. A one-time fee of **\$450.00** to foal out the Mare.
 - 2.6 Foal halter training. A one-time fee of **\$300.00** to halter train a foal
 - 2.7 Miscellaneous Breeding Customer agrees to reimburse Midwest for all charges incurred by Midwest for veterinary, farrier and other services retained and goods acquired by Midwest in performing its obligations hereunder. In addition, Breeding Customer agrees to pay all other fees, charges and expenses described in the Breeding Agreement pursuant to the terms and conditions set forth in the Breeding Agreement.

3. **Transported Semen Fees (Fresh and Frozen).**

3.1 **\$750.00** Nonrefundable semen shipment lab fee **due prior to shipment of semen**, pays in full for:

(Fresh semen) Up to three shipments during one breeding season.

(Frozen semen) ** Upon availability.

This fee is in addition to any other fees, such as booking fees, stud fees, or breeding fees, that you may owe the Stallion owner or any other party on connection with the breeding of the Mare to the Stallion. **Airport courier is a Mare owner's expense.**

3.2 \$ **250.00** (Fresh semen) Semen shipment fee for each additional shipment during same season if required.

\$ **250.00** (Frozen semen) Semen shipment fee for each additional shipment during same season if required.
** Upon availability

3.3 \$ **50.00** Equitainer charge for each shipment. Charge for replacement of lost equitainer will be \$250.00.

\$ **75.00** Rental Charge on dry shipper for each shipment frozen semen. Charge for replacement of lost dry shipper will be **\$1000.00**.

3.4 \$ **25.00** per day late fee for any Equitainer not back in Midwest's possession within 3 days of receipt by the mare owner.

\$ **50.00** per day late fee for any dry shipper not back in Midwest's possession within 5 days of receipt by the mare owner.

MARES ON FARM.

Breeding Midwest shall breed the Mare to the Stallion, and the Breeding Customer hereby authorizes Midwest to breed the Mare to the Stallion, pursuant to the terms and conditions hereof.

4. **Arrival of mare at Midwest**

4.1 **Arrival** The Breeding Customer shall arrange, at its expense, for the transportation of the Mare and any foal at side to the facilities of Midwest. The Breeding Customer shall give Midwest at least seven (7) days' notice of the arrival of the Mare and any such foal.

4.2 **Veterinarian's Certificate on Arrival.** Prior to the arrival of the Mare at Midwest, Breeding Customer shall, at Breeding Customer's sole expense, have the Mare and any foal at side to be boarded at Midwest with the Mare examined by a veterinarian and, at the time of the delivery of the Mare and any such foal to Midwest, shall furnish to Midwest a veterinarian's certificate or certificates stating (a) whether the Mare is in foal, (b) that the Mare is in sound breeding condition and is suitable for breeding, (c) that the mare and any such foal are free from contagious or infectious diseases, (d) that the Mare has normal reproductive organs, (e) that the mare and any such foal have received a vaccination for equine influenza, strangles, tetanus, sleeping sickness and rhinopneumonitis within 15 to 90 days prior to the date of delivery to Midwest, and (f) that the Mare has had a negative Coggins Test within six months prior to the date of delivery to Midwest. If the Breeding Customer fails to deliver said certificate, Midwest may, at its option and without any liability to the Breeding Customer, either refuse to accept the Mare and any such foal or arranges for a veterinarian to examine, test, vaccinate and so certify the Mare and any such foal, at Breeding Customer's sole expense.

5. **While Mare is at Midwest**

5.1 **Board.** During the time that the Mare and any foal at side are in the custody of Midwest, Midwest shall provide board and ordinary veterinary and farrier services for the Mare and any such foal. In performing its boarding and

care obligations hereunder Midwest may from time to time board the Mare or Mare and foal at the facilities of Midwest Training Centre or a farm selected by Midwest.

5.2 **Breeding to the Stallion.** During the Mare's first heat after delivery to Midwest, Midwest shall, at Breeding Customer's sole expense, have the Mare examined by a veterinarian and have a culture made to determine if the Mare is free from infection. If the veterinarian determines that the Mare is free from infection and otherwise sound for breeding, Midwest shall determine when the Mare should be bred to the Stallion and shall breed the Mare to the Stallion. The Breeding Customer agrees and acknowledges that the breeding schedule and management of the breeding of the Mare to the Stallion shall be under the exclusive direction and discretion of Midwest. If Midwest or its veterinarians determine that the Mare is not sound or healthy for breeding, Midwest shall have no obligation to breed the Mare to the Stallion.

5.3 **Authority to provide Veterinary Services** Breeding Customer hereby authorizes Midwest to provide or arrange for, at Breeding Customer's sole expense, all veterinary services and treatments to the Mare and any foal at side which Midwest reasonably believes to be necessary while the Mare and any such foal are in the custody of Midwest, provided however, that Midwest shall have no duty to determine when the Mare or any such foal needs such veterinary services or treatment or to arrange for such veterinary services or treatment. In providing such veterinary services Midwest is authorized to use veterinarians employed by it or veterinarians retained by it as independent contractors, or both, at its option.

6. **Departure**

6.1 **Departure at Breeding Customer's Election** The Breeding Customer may remove the Mare and any foal at side from the custody of Midwest at any time provided the Breeding Customer has given Midwest at least 48 hours notice of its intention to remove the Mare and any such foal on a weekend or holiday, and 24 hours notice of its intention to remove the Mare and any such foal on a weekday. Breeding Customer shall provide to Midwest written authorization to release the Mare and any such foal to any third-party transporter: Midwest shall have no obligation to release the Mare or any such foal to any party other than Breeding Customer without such written authorization. Upon commencement of the loading of the Mare and any such foal by a third-party transporter or by the Breeding Customer, the Breeding Customer assumes full responsibility and liability for the welfare, care, health, soundness, breeding condition, and transportation of the Mare and any such foal.

6.2 **Mandatory Departure.** If at any time while the Mare and any foal at side are in the custody of Midwest, the Mare or any such foal contract a contagious or infectious disease, or if Midwest determines that for any reason, including without limitation a determination by Midwest that it and the Breeding Customer are incompatible, the Mare and any such foal should be removed from Midwest, or if Breeding Customer breaches its obligation hereunder, Breeding Customer shall immediately, at Breeding Customer's sole expense, remove the Mare and any such foal from the Midwest Facility.

6.3 **Conditions Prior to Departure.** Prior to any departure of the Mare and any foal at side from the custody of Midwest, whether such departure arises under paragraph 4.1 or 4.2 hereof, the Breeding Customer shall pay in full all charges, fees and expenses due to Midwest here under. In addition, Midwest shall have the right to require, prior to the release of the Mare and foal at side from the custody of Midwest, the Mare and foal receive, at Breeding Customer's sole expense, a veterinarian's certificate of health.

7. **Charges, Fees and Expenses.** Breeding Customer agrees to pay to Midwest all charges, fees and expenses incurred by Midwest in connection with the performance by it of its duties hereunder, including without limitation the charges, fees and expenses set forth in Section 13 hereof.

8. **Billing Terms.** Except for those charges, fees or expenses for which Midwest requests payment in advance, the charges, fees and expenses due hereunder shall be due and payable within thirty days from the date of any billing or invoice rendered by Midwest. Notwithstanding any other provision hereof, all charges, fees and expenses due hereunder shall become immediately due and payable upon any removal of the Mare from the custody of Midwest. Breeding Customer agrees to pay a late charge in the amount of the lesser of 1½ % per month or the greatest charge allowed by law on all sums not paid when due hereunder. All payments hereunder shall be made in lawful money of the United States at the office of Midwest, at Rogers, Minnesota.

9. **Security Interest.** In order to secure the payment and performance by Breeding Customer of all of its obligations hereunder, Breeding Customer hereby grants to Midwest a security interest in the Mare, and any proceeds thereof (the "Collateral"). This security interest is in addition to any statutory lien rights that may arise from time to time in favor of Midwest. Breeding Customer will, at its expense, execute, deliver, file and record in such manner and form as Midwest may require, or permit Midwest to file and record, any financing statements and other documents that Midwest may request in order to perfect its security interest in the Collateral of to exercise and enforce its rights hereunder with respect to the Collateral. Breeding Customer hereby appoints Midwest as Breeding Customer's attorney-in-fact to execute and record in the name of and on behalf of Breeding Customer such additional financing statements and documents as Midwest may request for such purpose. The parties hereto agree that a photographic or other reproduction of this Agreement shall be sufficient as in financing statement and may be filed as such.

10. **Representations of Breeding Customer.** Breeding Customer hereby Represents and warrants to Midwest that:

10.1 **No Other Interests.** It has not previously granted to any party, and there does not presently exist in favor of any party, any claim, security interest, condition or encumbrance whatsoever that applies to the Collateral, except for the security interest created hereby in favor of Midwest and except for (if no information is provided, the Breeding Customer will be deemed to have represented that there are none):

10.2 **Authority.** It has the authority to execute, deliver and perform this agreement, including without limitation the authority to grant the security interest granted hereby. All consents necessary to the entering by it into this Agreement and the performance by it of its obligations hereunder have been obtained.

10.3 **No Breaches.** The execution, delivery and performance by it of this Agreement do not and will not constitute a violation or breach of any agreement, law, judgment, order or decree to which it or the Collateral is subject or to which it is a party, and do not and will not result in the acceleration of any obligation of it under any agreement to which it is a party or by which it is bound.

10.4 **Name and Location.** Its true and complete name and its location, (including the location of its chief executive office, if it has one), are set forth above, and does not now, and has not within the last 5 years used any trade name or any other name.

10.5 **Health.** Upon delivery of the Mare and any foal at side to Midwest the Mare shall be in sound breeding condition, and the Mare and any such foal shall be free from infection and disease.

10.6 **Miscellaneous.** It has the interest in the Mare described herein, and has the full and unrestricted right to breed the Mare to the Stallion during the breeding season covered hereby. The information contained in Section 15 is true and complete in all respects.

11. **Authority to Transport.** Notwithstanding any other provision hereof, Breeding Customer hereby authorizes Midwest to transport, or to select a third party to transport, the Mare and any such foal to veterinary facilities.

12. **Insurance.** Breeding Customer represents that the Mare and any foal at side and any foals subsequently born are and will be covered by full mortality and theft insurance in an amount at equal to the full value which Breeding Customer places on said horses. Breeding Customer shall maintain such insurance for the entire period such horses are in the custody of Midwest, or its agents or servants. Breeding Customer shall, upon request, provide to Midwest with copies of policies evidencing such insurance coverage.

13. **Mare Information.**

13.1 **Interest in Mare.** Breeding Customer has the following interest in the Mare (complete as appropriate):

_____ It is the owner of the Mare, free and clear of all encumbrances, security interests, claims or liens whatsoever, and the AHRA Certificate of Registration for the Mare is in its name.

_____ It is the purchaser of the Mare, Pursuant to the contract dated _____ between it and _____, whose address is _____ and, in connection therewith, it has granted a security interest in the Mare to _____, whose address is _____. The AHRA Certificate of Registration for the Mare is in the Name of _____, whose address is _____.

_____ It is not the owner of the Mare, but has legal interest in the Mare, including the legal right to breed the Mare, pursuant to the following agreement with the owner or the Mare:
_____.

No person or entity, other than those identified above, has any ownership right, security interest or other interest in or claim on the Mare, except as follows:
_____.

13.2 Right to Breed to Stallion. Breeding Customer has the right to breed the Mare to the Stallion pursuant to the following agreement (describe in detail):

_____.

TRANSPORTED SEMEN

14. You shall notify Midwest by telephone no less than 2 days prior to the day on which you will require a shipment of semen.

15. The availability of semen from the Stallion shall be determined by Midwest in its sole discretion.

16. You shall use all such transported semen for the sole purpose of impregnation the Mare.

17. **DISCLAIMER OF WARRANTIES: Limitation of Liability.**

17.1 Midwest hereby represents to you that any semen inseminated or transported to you will be from the Stallion indicated on the transportation container, and that any other information on the transportation container shall be accurate. MIDWEST HEREBY DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OTHER THAN THOSE WARRANTEES EXPRESSLY SET FORTH HEREIN.

17.2 Limitation of Liability. Except in the event of gross negligence or willful misconduct by Midwest, its agents, servants or employees (the "Midwest Parties"), the Midwest Parties shall not be liable for any sickness, disease, estray, theft, death or injury which may be suffered by the Mare or any foal at side while the Mare and any such foal is in the custody of Midwest, or for any other cause of action whatsoever arising out of or in any way connected with the breeding, boarding, transportation, or provision of any other service to the Mare or any such foal, including without limitation any personal injury or disability that Breeding Customer, its agents, servants or employees may receive while on Midwest's premises. Breeding Customer understands Midwest does not provide any public liability, accidental injury, theft or equine insurance on the Mare or any foal at side, and that all risks connected with breeding, boarding, transporting or provision of any other service to the Mare and any such foal shall be borne solely by Breeding Customer. Breeding Customer hereby agrees that this Agreement, including without limitation any damages arising from the nonperformance of obligations which Breeding Customer may have undertaken to any third party in reliance upon promises and representations made in this Agreement. IN NO EVENT SHALL MIDWEST'S LIABILITY FOR ALL CAUSE OF ACTION ARISING UNDER THIS AGREEMENT EXCEED THE AMOUNT OF THE FEES PAID BY THE BREEDING CUSTOMER HEREUNDER.

18. **Indemnification.** Breeding Customer shall indemnify and hold the Midwest Parties harmless from and against (a) any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, at law or in equity, of every kind and nature whatsoever, known or unknown, arising out of or in any manner connected with any injury to any third person or persons or to the property of any third person or persons caused by the Mare or any foal while they are in the care and custody of the Midwest parties. and (b) any and all claims, demands, causes of action, damages, costs, expenses, losses, or liabilities, in law or inequity, of every kind and nature whatsoever, known or unknown, arising out of or in any manner connected with any injury to the Mare or any foal while they are in the care and custody of Midwest Parties.

19. **Miscellaneous. \$250.00 TRANSFER FEE**

19.1 **Assigns** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their receptive successors and assigns, provided however, that Breeding Customer may not assign it rights or delegate its duties hereunder without the prior written consent of Midwest.

19.2 **Counterparts.** This Agreement may be executed in any number of counterparts constituting an original but all together one and the same instrument and contract.

19.3 **Governing law.** This Agreement shall be governed by and construed in accordance with the laws of Minnesota.

19.4 **Merger: Amendment.** This Agreement and the exhibits referred to herein constitute the entire agreement between the parties and supersede all prior oral and written negotiations and understandings with respect to the subject matter hereof. Except as otherwise provided herein, this Agreement may be amended or modified only by a writing signed by both of the parties hereto.

19.5 **Notices.** Any communication made in connection with this Agreement shall be made in writing to the address shown in the first paragraph of this Agreement, or to such other address as has been most recently designated in writing by one party to the other. Any notice or communication shall become effective when deposited in the United States mail properly addressed with proper postage for first-class mail prepaid.

19.6 **Rights, Remedies, Powers.** Each and every right, remedy and power granted to Midwest hereunder shall be cumulative and in addition to any other right, remedy or power herein specifically granted and nor or hereafter existing in equity, at law, by virtue of statute or otherwise and may be exercised by Lessor from time to time concurrently or independently and as often and in such order as Midwest may deem expedient. Any failure or delay on the part of Midwest in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect Midwest's right thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise hereof or the exercise of any other right, remedy or power.

19.7 **Severability.** If any provision of this Agreement is prohibited by, or is unlawful or unenforceable under, any applicable law of any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

19.8 **Reimbursement.** Breeding Customer shall reimburse Midwest for all costs, fees and expenses, including reasonable attorney's fees, incurred by Midwest in performing its obligations or enforcing its rights under this Agreement, and for all federal, state and local sales or use tax liabilities, if any, connected with or related to this Agreement or any transaction arising hereunder, excluding however taxes based on the net income of Midwest.

19.9 **Direct payment of certain expenses.** Breeding Customer shall pay directly to any third party identified by Midwest the fees or charges of such third party incurred in connection with the provision of services or goods for the benefit of Breeding Customer hereunder.

19.10 **Headings.** The headings set forth herein are for the purposes of reference only and shall not be used in construing the terms and conditions hereof.

IN WITNESS WHEREOF, the parties have set their hands hereto as of the date first set forth above.

BREEDING CUSTOMER:

By _____

Its _____

MIDWEST STATION II, INC.

By _____

Its _____